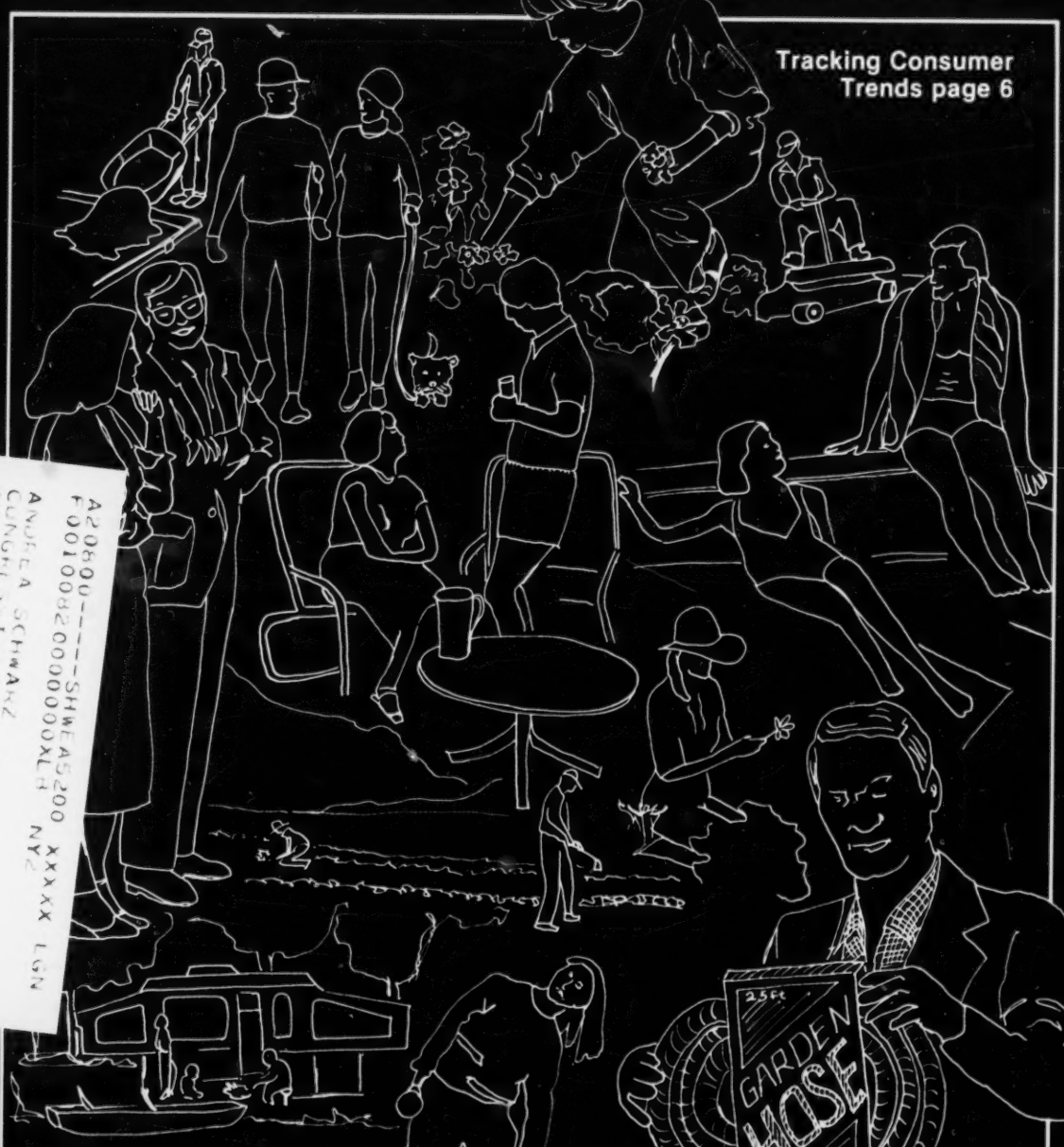
APRIL/MAY 1984

Lawn&Garden Marketing

KNOWING THE MARKET



Tracking Consumer Trends page 6

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6 Cover Story: A two-part report kicks off the 1984 series of articles on Growing the Market. Wendall Burns, **LGM** editor, describes the increased interest in industry using consumer data, and Bruce Butterfield, director of research for the National Garden Survey, reports some characteristics of households involved in gardening. (Cover by Kevin Callahan.)

20 Fall Planting: With several years of success in building fall sales in some states, the "Fall Is For Planting" supporters plan for its second year on a national level.

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Lawn&Garden Marketing®

The merchandising magazine for lawn, garden and leisure living products.

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6 Gardening households – a statistical profile. New information gleaned from the 1983 Gallup survey sponsored by Gardens for All shows the lawn and garden market.

14 Role of distributors: Risk takers, savvy about grassroots markets. OPEDA members get an earful at their annual meeting.

20 Building fall store traffic. The Fall Planting Council stresses four main goals for 1984.

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Coming in June: Winter Products Update • Holiday Merchandise • ABCs of Engine Maintenance

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KNOWING THE MARKET

Major new task in Growing the Market

During the 1983 Executive Forum on "Growing the Market," sponsored by LGM, there was a repeated request for more market data. The 1984 series deals with gaining and interpreting data on this industry. ***By Wendall J. Burns***

Series of articles for '84

April/May	Knowing the Market
July	Marketing information systems for retailers
September	Report on 1984 executive forum on Growing the Market
October	How Ace Hardware helps member firms build lawn and garden volume

Gardening households, a statistical profile

By Bruce Butterfield

■Gardening is an activity practiced more by established households than younger ones. Only about one out of four gardening households was 30 years of age or less in 1983. Households aged 30-49 made up about 35 percent of all gardeners and those 50 years of age and older represented 40 percent of the total.

The vast majority of sales of gardening products in 1983, 75 percent, were made to household members older than 30. An estimated 37 percent of all purchases were made by household members 30-49, 38 percent by those 50 and older, and 25 percent to those younger than 30.

About one out of two gardening households in 1983, 48 percent, were high school educated, 31 percent were college educated and 13 percent had grade school educations. This distribution is essentially

■Even though there are mountains of data about retail sales, consumer income, household makeup, etc., the suppliers and retailers of consumer products and services need even more information about the consumer. And, they need quicker interpretation and application of the data.

Following are headlines from business and general circulation publications that reflect some of the needs:

- Discounters Boost Consumer Research as Buyer Aid
- Need a Product Idea? Ask the Consumer
- 'Little Guys' Need Market Research Aid
- Using Official Data Often Helps Avoid Mistakes, Find Customers
- Buying Habits of Americans: Are They Undergoing a Change?

Distributors and manufacturers, obviously, need information, too.

During the 1970s when a sellers' market prevailed, there was a more predictable demand for merchandise, and the retailers and wholesalers depended heavily on recommendations by the manufacturers.

But there is a need for better communication in today's market. At a recent meeting of wholesale distributors of outdoor power equipment, distributors participating in a round table discussion agreed to seek a better explanation of how manufacturers determine statistics and how they determine the actual buying public.

At a workshop during the same conference (see "The role of distributors: Risk takers, savvy about grassroots markets," page 14), a consultant said that the burden fell on them to know their markets and provide information to the manufacturers.

This would be supplemental regional data. Obviously, the manufacturers already have data on retail sales of products they handle.

But some distributors have found that manufacturers have wanted to establish new dealerships, even distributorships, in their territories, projecting sales of lawn mowers based on demographic data that gave only population figures and not the fact that some of the households were condominiums and townhouses.

Some of the chains have for years conducted consumer interviews. These include K Mart, Target, Zayre, TG&Y and Murphy's Mart. The latter two companies designed surveys themselves, saving on costs of having it done by an outside firm.

Smaller firms can do their own research, too. In fact, the Horticulture Research Institute (one of the associations under the American Association of Nurserymen umbrella) provides a survey kit for garden centers. Steve Driftmeier, president of Wilmore Nurseries, Denver, has used the ideas from the kit, plus his own questions to gain consumer data for opening a new store, for establishing store hours, stocking merchandise and to get customers' ratings of personnel and other data.

A director of planning for TG&Y says, "It is hard for a buyer sitting in the office to get a feel for what's going on, because the sales figures will show what the customers want, but not why. We can determine the reason (they buy) with research."

Many major manufacturers use the data from the Simmons study, the Gallup report, their own warranty cards, consultants and other sources to project markets. The AAN's Nursery Marketing Council conducted a series of focus group sessions on which it based its current advertising campaign.

The Outdoor Power Equipment Institute provides an annual forecast of the market based on shipments, housing starts, analyses by consultants of the changes in lifestyles, etc.

Lawn & Garden Marketing surveys help to track trends and provide the profiles of different types of distributors and retailers.

To focus the efforts of more retailers, suppliers and trade associations on the task of acquiring and applying more information about consumers in developing industry marketing strategies, **LGM** is concentrating its 1984 "Growing the Market" series on the subject of knowing the consumers, knowing the market. A good beginning is this month's entry, an analysis of data from the Gallup study on the lawn and garden consumer. □

the same as for the total U.S. household population.

In terms of sales of gardening products in 1983, college-educated households and high school-educated households accounted for about the same total of lawn and garden sales, 48 and 46 percent. Grade school-educated households accounted for only 6 percent.

College-educated households spend considerably more per capita than anyone else on lawn and garden activities. In fact, for every dollar that a high school-educated household spent on lawn and garden activities in 1983, it is estimated that a college-educated household spent $1.80.

The largest single group of U.S. households involved in lawn and garden activity in 1983 were those with manual labor occupations (36 percent) followed by professionals (17 percent), retirees (16 percent), business people (12 percent), and those with clerical/sales occupations (9 percent). This distribution is about the same as for occupations of the total U.S. population.

Professionals and households with business occupations made the highest average annual expenditures of all groups on lawn and garden activities in 1983. They represented 29 percent of households involved in gardening, but accounted for more than 40 percent of total sales. Expenditures on lawn and garden activities by households in all other occupation categories were about equal to the percentage they represent of all gardeners except for retired households, which spent slightly less per capita.

Income and gardening

There is a direct correlation be-

Growing the Market

...continued

tween income and participation in lawn and garden activities. Participation in lawn and garden activity increases as household income does, except for vegetable gardening, which has about the same level of participation regardless of income. The greatest level of participation in each form of lawn and garden activity measured in 1983 was seen among households with higher annual incomes and lowest among households with lower annual incomes.

Higher income households also spend significantly more each year on lawn and garden activities. While households with annual incomes of $40,000 and more make up only about 14 percent of the total U.S. population, they account for 34 percent of sales of lawn and garden products.

With 30 percent of all gardeners, the Midwest has the greatest population of gardening households in the United States, followed by the East, 26 percent, the South, 25 percent, and the West, 18 percent.

Households in the Midwest, while having the greatest number of gardeners, spent the least on gardening per capita, while those in the West spent the most. Given the regional distribution of the U.S. household population, the South represents the largest single lawn and garden market with 28 percent of all sales. Following is the East with 26 percent of sales, the West with 23 percent of sales, and the Midwest with 23 percent of sales.

In terms of sections of the country, the Mid-Atlantic states, the most densely populated area in the country, had 21 percent of all lawn and garden sales in 1983, making it the area with the highest concentration of gardening households in the country. Sales of lawn and garden products in the Pacific states (19 percent), southern states outside of the Deep South (19 percent), and East Central states (14 percent) were the other key markets.

Married households are the most avid participants in lawn and garden activities as well as the principal

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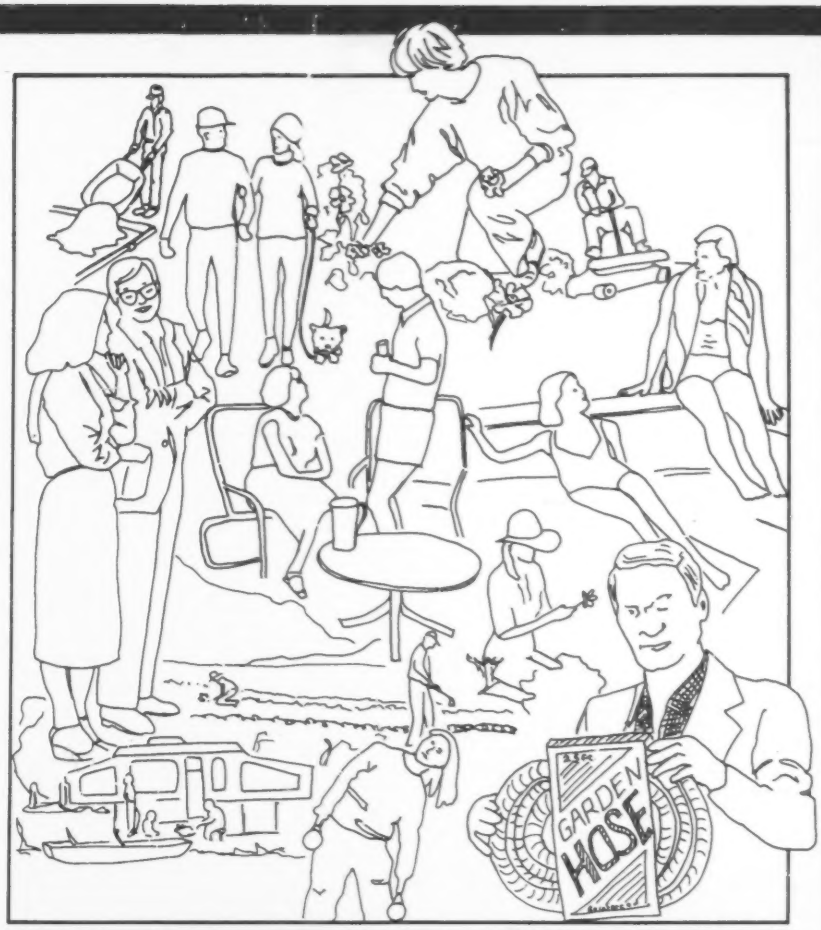


How lawn and garden ranks with other activities

Leisure activity	% of households
Watching Television	81
Listening to Music	64
Lawn Care	63
Reading Books	54
Flower Gardening	47
Pleasure Trips in Car	44
Going to the Movies	43
Vegetable Gardening	42
Watching Pro Sports on T.V.	39
Home Baking	38
Vacation Trips in U.S.	34
Sewing/Needlepoint	32
General Exercise/Physical Fitness	31
Fishing	31
Workshop/Home Repair	29
Bicycling	22
Camping	20
Photography	20
Bowling	20
Jogging	19
Hunting	16
Tennis	12
Golf	12

Note: Totals add to more than 100% due to multiple responses
Source: Gardens for All

Growing the Market

...continued from page 8

consumers for products. A total of 87 percent of married households with children were involved in gardening. Married households without children participated only slightly less, 86 percent.

The percentage of separated, divorced or widowed households participating was 82 percent, while single households accounted for the lowest percentage, 75 percent.

Married households, with and without children, accounted for more than two-thirds of all lawn and garden sales. A total of 71 percent of married households accounted for sales, which broke down into 36 percent for households without children and 35 percent for households with children.

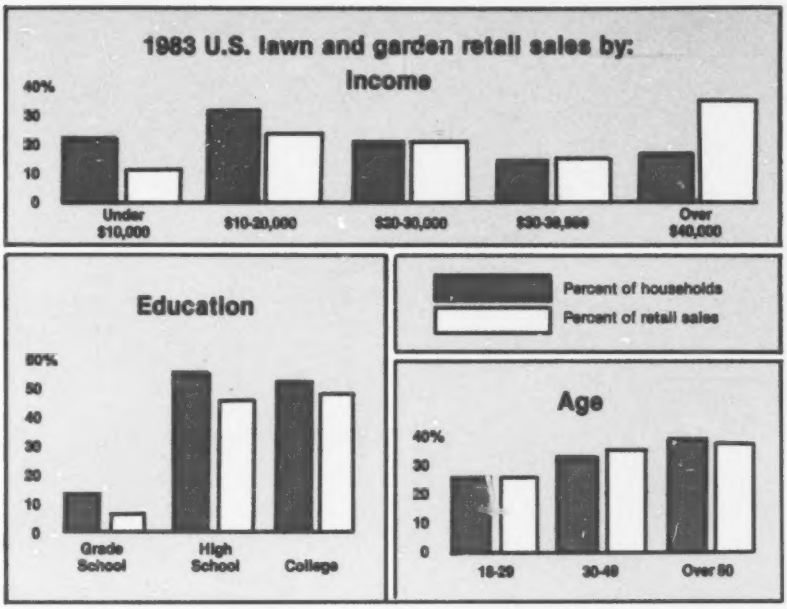
Single households, whose percentage of those participating was lower, accounted for an estimated 19 percent of sales. This was higher than the percentage of households that are separated, divorced or widowed, which accounted for about 10 percent of sales.

Small towns fertile

Participation in lawn and garden activity was the highest in suburbs, small towns and rural areas and lowest in cities. Larger household populations found in the suburban and rural areas of the U.S. coupled with high rates of participation in lawn and garden activity there make these communities the most important to the lawn and garden industry.

On average, suburban households spent the most on lawn and garden activity in 1983 and also accounted for the largest percentage of total sales, an estimated 34 percent. Rural households were second in terms of average annual expenditures in 1983 and also in terms of percentage of total estimated sales, 28 percent.

City and small town households spent about the same amount of money per capita on lawn and garden activity in 1983, about $130. Greater household population in cities meant that total lawn and garden sales there (24 percent) were higher than in small towns (13 percent).



Gardening a top leisure activity

Gardening maintained its rank as the nation's No. 1 outdoor leisure activity in 1983 despite a slight decline in the percentage and number of all U.S. households that participated. The three most popular outdoor gardening activities, lawn care, flower gardening, and vegetable gardening, ranked ahead of all other forms of outdoor leisure activity including exercise/physical fitness, fishing, bicycling, camping and jogging.

Among all U.S. households, 82 percent participated in at least one lawn and garden or plant care activity in 1981.

The Midwest was the region with the highest percentage and number of households participating in lawn and garden activities in 1983. A total of 91 percent of Midwestern households, 21 million, participated in lawn and garden activities.

The West was second in terms of percentage, 84 percent, but last in terms of the number of households, 13 million. Nearly equal were the East, with 80 percent or 18 million households, and the South, with 77 percent or 18 million households.

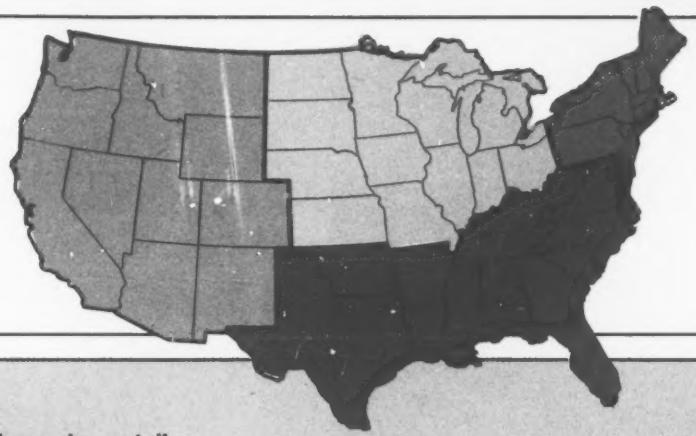
Participation in lawn and garden activities in the East, Midwest and West has stayed at essentially the same level for the last three years. Lawn and garden activity among households in the South has fluctuated somewhat during this time period, going from 80 percent of households in 1981 to 86 percent in 1982 to 77 percent in 1983.

Overall, no lawn and garden activity saw a significant increase in popularity between 1982 and 1983. Of the 15 kinds of indoor and outdoor lawn and garden activities measured both years, eight were essentially unchanged and seven saw a small decrease in the percentage of all households participating. Lawn care, flower gardening, landscaping, ornamental gardening, fruit trees, berries, nuts and raising transplants all remained at about the same levels in 1983 that were seen in 1982. Indoor houseplants, vegetable gardening, shrub care, controlling insects, pruning, tree care, and edible landscaping all saw small decreases in 1983.

The increase from 82.5 million households in the U.S. in 1982 to 84.5 million households in 1983 softened the market impact due to a lack of growth in the percentage of households participating in lawn and garden activities. □

About the author: Bruce Butterfield is the director of research for the *National Gardening Survey* conducted for *Gardens for All*, a position he has held since 1978. Readers may obtain a fact sheet on the National Gardening Survey by sending $1 to: Dept. T-11, Gardens for All, The National Assn. for Gardening, 180 Flynn Ave., Burlington, VT 05401.

Product Movement Report



Sales of indoor plant supplies remained stable, with a little increase, according to respondents to **LGM's** winter '83/84 product movement survey.

Bird feeder sales continue to increase. Of the 72 percent of the respondents who carry bird feeders, only 5 percent reported sales to be down compared with last year. Feeders are selling especially well in the South, where the percentage of respondents carrying them increased from 64 percent in 1982 to 80 percent in 1983. Last year 57 percent said sales were the same or better than the year before, but this year 74 percent said sales were the same or better compared with last year.

Sales of horticulture and DIY books remained stable; the majority of respondents reported sales to be about the same as last year.

Big changes occurred in the kerosene heater market. Fewer dealers are carrying them, but those who are are faring better than last year. In 1982, the flooded market and bad publicity combined to create losses for those carrying the heaters. With fewer dealers the marketplace was less competitive.

Inventory of kerosene heaters is down considerably compared with last year. This year respondents averaged 6.4 heaters in inventory compared with 11 last year.

Replacement parts continue to show strong growth; 44 percent of the respondents handling replacement parts said sales were up, compared to 7 percent who said volume decreased. Also, more reported sales to be about the same compared to last year, indicating a declining growth rate. This may be due to an improved economy and customers buying new equipment.

Fewer dealers are handling snow throwers, probably because the economy and weather kept 1982 sales down. However, those who remained in the market saw improvement. Only 8 percent reported 1983 sales to be lower than the year before, compared with 26 percent who reported 1982 sales to be lower than the year before.

Respondent reports of tractor attachment sales were more favorable in 1983 than 1982. Most reported sales to be about the same, but 7 percent more reported improved sales, and 17 percent fewer reported sales to be down.

Trim-a-tree sales were reported to be up everywhere except in the West. These products provide some cheer at a low price, so with the improvements in the economy, people were probably in the mood to spend more on them.

Fewer decreases were reported for 1983 compared to 1982. For all eight products surveyed, more respondents reported sales to be the same or better compared with the year before than reported sales to be down.

Measuring retail sales trends for winter 1983/84

Volume sales and trends compared to last year

Key: ↑ up ↓ down About the same ↔

	SALES VOLUME	TOTAL %	NORTH EAST %	NORTH CENTRAL %	SOUTH %	WEST %
Bird feeders	up	33	46	37	28	10
	same	34	24	33	46	30
	down	5	4	4	6	7
Horticulture and DIY books	up	6	4	8	7	7
	same	55	57	42	58	73
	down	9	11	11	7	7
Indoor plant supplies	up	15	16	10	14	26
	same	50	56	50	48	47
	down	9	10	7	16	0
Kerosene heaters	up	13	11	16	15	6
	same	15	12	15	23	6
	down	19	18	23	11	23
Replacement parts	up	43	45	49	40	25
	same	43	47	40	40	50
	down	8	4	10	12	0
Snow throwers	up[1]	24	31	31	4	20
	same	23	30	30	3	16
	down	8	12	9	2	3
Tractor attachments	up	12	13	12	15	0
	same	40	43	42	31	38
	down	13	14	15	14	0
Trim-a-tree	up	27	57	17	24	0
	same	11	11	11	10	13
	down	7	4	8	4	13

Percentages do not add to 100 because all respondents do not carry all products.

Current inventory of kerosene heaters (median no. of units per store)	6.4	6.8	6.8	4.6	NA

Sacks of bird seed are a handy promotional tool. Bought in bulk, sacks sold at a discount can be used to lure customers.

Birds are big business

Nearly 63 million people feed birds for an average of six months a year. Retailers can attract new customers by selling feeders and seed year-round.

By Steve Trusty

■Is your business going to the birds? Maybe it should.

Bird feeding is the No. 2 outdoor pastime in the United States, according to a 1980 survey by the U.S. Department of the Interior, fish and wildlife department, second only to gardening. The survey reports that 37 percent of people over 16 feed wild birds.

To be considered part of the population that fed birds, each person had to feed at least once a week for at least one month. The average feeding span was six months.

Nearly 63 million people fed birds in 1980. While 74 percent used crumbs and scraps, 56 percent used seed and 16 percent suet. (Totals do not add up to 100 percent because of multiple responses. See chart for regional breakdown.)

It is difficult to get a handle on the total market for bird feeding supplies. One source states that 1980 sales totaled $517 million. The same source listed 1970 sales of $170 million.

Prices for feeders range from 99 cents to $69.99 and more, although most are priced less than $20. Most feeders are sold in lawn and garden centers and in feed stores that have lawn and garden departments. Mass merchandisers also sell feeders, but they tend to be seasonal items.

Alan Hirsch, vice president of Seaboard Seed Co., Bristol, IL, says that according to the American Seed Trade Assn., wholesale sales of bird seed total $75-90 million a year.

The major producers of feeders to disperse seed for birds are now selling about $75-100 million worth of these feeders a year, based on retail prices, according to Don Hyde, president of the Hyde Bird Feeder Co., Waltham, MA.

One of the difficulties in arriving at an accurate figure for the market is that at least 20 percent of the market is serviced by cottage industry, says Frank Diekman, president of M.G.R. Feed in Hammond, IN. Most dealers carry at least a few feeders made by the retired individual that has been a good customer over the years. (Retail sales figures for bird feeders for this winter are included in the Product movement report in this issue.)

William Barber, president of Perky Pet Products in Denver, estimates that $20-30 million in hummingbird feeders and nectars are sold at retail annually in the United States.

Don Stein, president of Kellogg Inc., a distributor in Milwaukee, states that 33 percent of its bird supply sales is feeders and 66 percent feed, although 20 to 30 percent for feeders is probably more common.

People who are already feeding birds are potential garden center customers. They are also potential customers for new and better bird feeders. Huge displays of competitively-priced seed are evident in many grocery stores and mass merchandise outlets. Many independent retailers have also found that they can merchandise feed and feeders in an effective, profitable way.

"The real growth potential in the wild bird market comes with merchandising better feed and feeders," Diekman says.

Sophisticated public

Charles R. Smith, director of public education at the Cornell University laboratory of ornithology in Ithica, NY, says the public is becoming more sophisticated. It is learning more about birds, their habits and needs. The more sophisticated feeder of wildlife wants specific seed mix, quality feeders and assistance when needed.

Diekman says, "All people do not care to feed birds, but people who do feed birds like to feed beautiful birds." They are willing to pay more

continued...

Bird feeders

...continued

for quality feed and feeders.

Sales are weather-related. The colder it is and the more snow cover there is, the more the birds are going to eat. The dealer who stocks a wide range of quality seed and feeders and gives service is going to have a good, steady business. The cold, snowy weather is going to be a bonus. One 62-store chain serviced by M.G.R. Feed moves about one truckload of seed a week year-round except in the very hottest months, when sales run one load every other week. In the winter it moves two truckloads a week.

Hirsch says that the full-time garden centers can capitalize on the interest in feeding birds by stocking quality seed and feeders year-round. The purchase of seed may be on impulse in the grocery store or at the mass merchandisers, but an individual who starts feeding the birds is going to want more information and more quality. A full-service dealer can provide this.

Each sale of a bird feeder opens the door to repeat sales of bird seed, according to Larry Blasbalg vice president of sales for K-feeders, Warwick, RI.

When considering whether to enter the market of wild bird supplies, the dealer must consider what kind of commitment to give to the department. Stein suggests that the dealer should not consider the store a garden center but an outdoor living center.

When to display

The major bird feeder display should go up in the garden center the moment other sales start to taper off in the summer.

Since most feeder companies provide some type of display for their feeder, more dealers should take advantage of these displays and use them to effectively merchandise feeders all year, according to Hyde.

Hummingbird feeders are an excellent Mother's Day promotion, and sell well in March and April. The nectar sells throughout the summer.

By stocking quality feed and feeders all year, dealers can build up quite a following of loyal customers. Since they come in regularly to purchase their feed needs, they frequently purchase other things they see displayed.

Merchandising feeders and feed

Geneva Ace Hardware in Geneva, IL, has carried bird feeding supplies for 15 years. Bill Rosenfelder, part owner, says the store has been able to increase its sales and margins by getting away from the cheap blends of seed and by merchandising quality seed and feeders.

"There is a lot more profit in a $60 or $70 feeder than there is in a $6 or $7 feeder," he says. "We try to make a 25 percent profit on the low end seed mixtures and at least 35 percent on the high end."

Since 80 percent of the feeder purchases are made on impulse, feeders will be sold if more are displayed. A higher margin on a higher ticket has a compounding effect on overall profit.

Another dealer that has success with bird feed and feeders is Russell's Garden Center of Wayland, MA.

"Six or seven years ago sales were only about 5 tons a year. Now we

continued...

Traditional bird feeders are popular, although more contemporary styles, made of plastic and acrylic, are gaining in popularity.

Bird feeders ...continued

sell over 50 tons of bird seed a year," says Hugh MacKenzie, assistant manager of Russell's. "Our sales continue to increase even though we are only five miles from the Audubon Society Headquarters and they sell many times the amount of seed that we do."

Russell's runs two major bird feeding promotions a year and one or two smaller ones. One major promotion is usually the last weekend in October. The second is the last weekend in February or the first weekend in March. The promotions include truckload specials on selected bird seed, displays of feed and feeders and seminars conducted by noted bird authorities.

Russell's Fall 1983 promotion included a truckload sale on sunflower seed, using a 50-pound bag that normally sells for about $18.95. Russell's bought it for $9.95 and sold it for $11.95 a bag, with a three-bag limit. The garden center also gave a 5-pound bag of economy blend bird seed ($1.39 retail value) with the purchase of any bird feeder priced more than $5.

Russell's uses radio, newspaper and its own mailing list to promote its specials.

Barrel promo

Russell's has made arrangements with a manufacturer of barrels to produce a special run of 30-gallon metal drums painted white with a Pennsylvania Dutch motif and bird decals on the top. These barrels are then sold filled with sunflower seed. This has been a popular promotion and provides the customer with an attractive seed container.

By displaying bird feeding items year-round, Russell's has developed a regular clientele that is exposed to the rest of Russell's products on an ongoing basis. Not only has Russell's increased sales of bird-related items, but overall business has increased as well.

Many retailers have found that by offering individual kinds of seed in separate bins they can sell more seed. Many customers like to scoop out what they want of each seed and mix their own.

A dealer can increase sales by becoming a complete resource center for the bird lover, including bird books, a complete stock of feed, feeders, waterers, water warmers and grit.

Irene Gainsboro, executive vice president of Opus Inc., a Framingham, MA, manufacturer, reports that many dealers have successfully held seminars to provide the public with more information on birds and feeding. These seminars are conducted by representatives of bird feed or feeder companies, local Audubon Society members or authors of bird books. Besides providing valuable information to the public, the seminars build credibility for the dealer and set the dealer up as an authority in the community.

Another thing a dealer can do is to provide press releases and bits of news to the local media about birds, their needs and how the public can help them.

Market changes

The bird feeder market has changed and grown significantly over the past several years.

M.G.R. Feed has come out with a pre-season program on feed and feeders. With a July and August booking program its sales have improved significantly. August 1983 was the best it had, with the company resupplying customers in October. Many of the bird feeder companies also have early order programs.

At least one distributor puts out a special catalog for bird feeder supplies.

Stein says that it was the initiator of a special bird feed and feeder catalog. The company feels that this is an important enough part of its business to deserve special attention. The 1983 catalog listed products from 25 suppliers. Its early order program runs July 1-Sept. 30.

Bird lovers are becoming interested in more decorative feeders, including tubular, acrylic and more contemporary styles, according to Robert P. Kramer, manufacturing representative for Aspects Inc., a Bristol, RI, manufacturer.

Myths dispelled

Ornithologists have determined that since birds have no sweat glands in their feet (or any part of their bodies) they will not adhere to metal feeder perches. The laboratory of ornithology at Cornell University has several types of feeders with metal perches in its sanctuary and there has never been an occasion of a bird freezing to a perch.

Some concern has been expressed about the acrylic window mount feeders, because of the potential for messy windows and birds colliding with the windows. According to Kramer, neither of these are valid concerns.

"The feeder seems to give the birds better reference to the window and they are less likely to hit the window because of not seeing it. The acrylic feeder keeps the birds away from the window and there have been no complaints from users," Kramer says.

Early spring help

Brooks Pennington, president of Penn Pak Inc., Madison, GA, says, "Migrating birds in the south need the most help in March, April and May." Previous natural seed crops are used up and no new seed has matured yet. The birds are nesting and they need more feed.

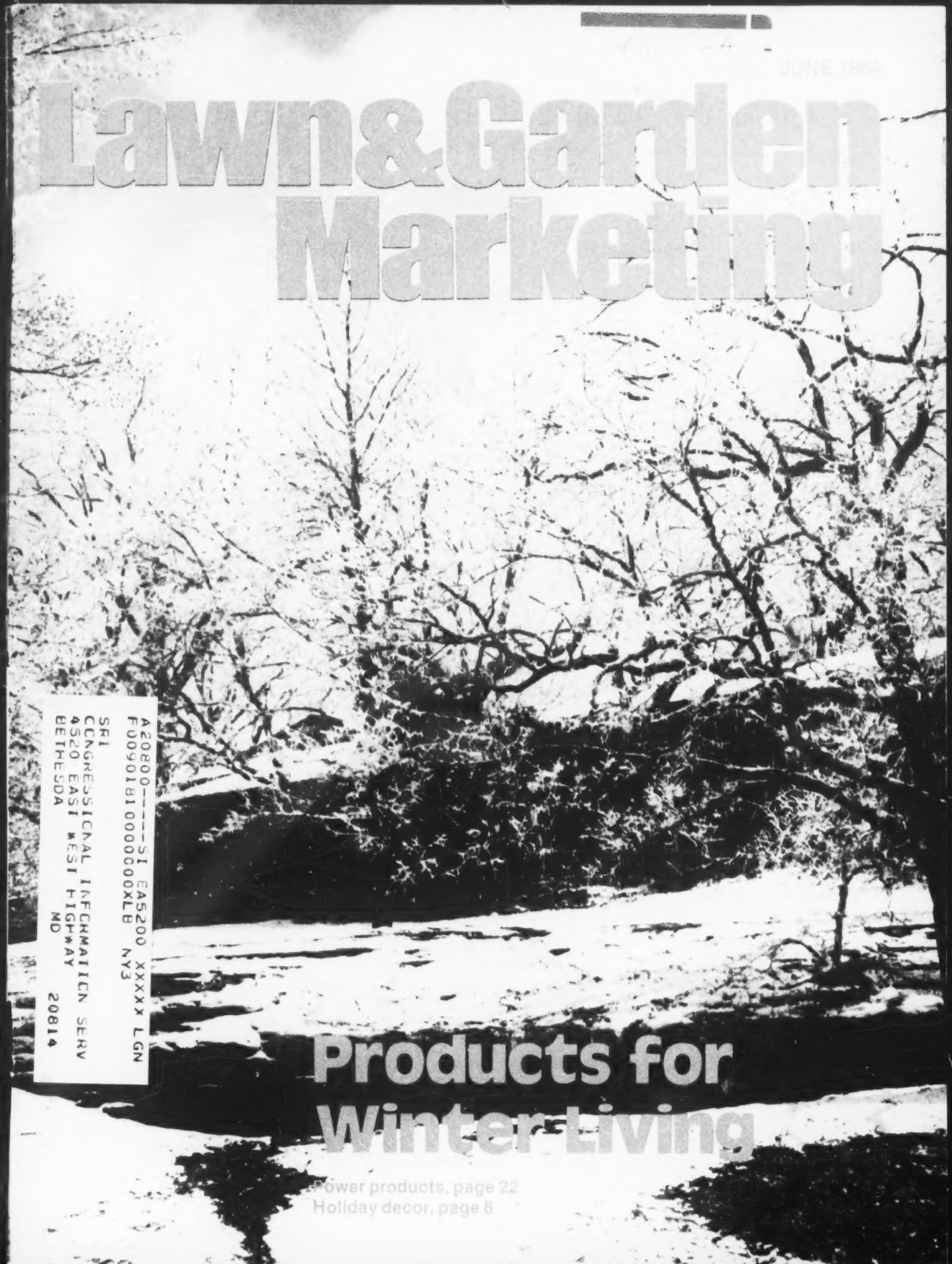
The Penningtons have one of the few private bird feed experiment stations in the country. They use 50 acres of land to test all types of feed and feeders. The station provides them with invaluable information on the feeding habits of wild birds.

Dealers who devote some space and energy to promoting wild bird feed and feeders provide a tremendous amount of enjoyment for their customers—and enjoyment for themselves and their bankers.

"Bird feeders are a real growth market," Gainsboro says. "The American public is taking more of an interest in nature and they enjoy watching and feeding birds." □

JUNE 1994

Lawn&Garden Marketing



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Products for Winter Living

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Holiday decor, page 6

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22 Cover Story: A special section on power products looks at the rebounding markets for chain saws, generators, logsplitters and snowthrowers.

(Cover photo by Gene M. Humo.)

6 Holiday decor brings full margins. Garden centers have space to completely redecorate for Christmas, an advantage other outlets don't have.

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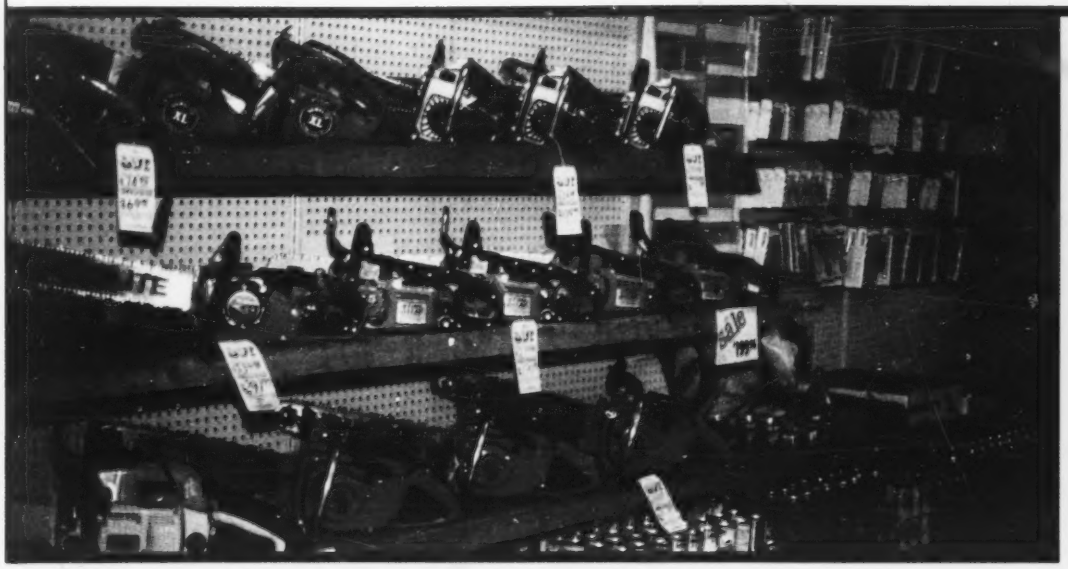
Selling power winter



By Wendall J. Burns

■After a three-year decline, the chain saw market began an upturn in 1983 that most manufacturers believe will continue in 1984.

The Chain Saw Manufacturers' Assn. reported that the total estimated shipments of gasoline-powered chain saws during 1983 was 1,527,000 units. This represents a 9 percent increase compared with 1982's estimated shipments of 1,400,000. This is the first annual increase of industry shipments compared with the previous year since 1979.

A survey of CSMA members indicated that most manufacturers believed that shipments of gasoline-powered chain saws will increase 4 to 6 percent during 1984. A few manufacturers believe that 1984 industry shipments will remain the same as 1983, and a few believe that shipments could increase 8 to 10 percent in 1984.

Data collected by **Lawn & Garden Marketing** covering autumn 1983 sales showed that retail sales of chain saws increased substantially in the South and West in autumn 1983 compared to 1982, declined in the North Central states, and remained about the same in the Northeast.

There are a number of forces that helped the market to recoup in 1983 and are expected to sustain it in 1984. One of these factors is the aging of the saws now in use, or at least owned, by households and commercial users. Many of them are not equipped with newly improved engines and safety devices. It is estimated that the median life of the 22.5 million saws now owned by users is eight to nine years.

The increased volume of housing starts is having an immediate positive effect on sales to the professional and commercial users in some regions and will give a long-term boost to sales of saws to casual users.

Safety: a new sales message

A proposed safety standard for chain-saw kickback is scheduled to be finalized by the end of this year. The proposed standard is already providing a new sales stimulus for manufacturers who anticipate either voluntary or mandatory standards on the models sold to consumers and have already introduced new features.

Whereas a few years ago price might have been the focus of the sales message, quality and safety have pushed the price consideration to the side. The chain brake and safety chain are key elements in design safety. But, also, there is the fact that more emphasis is being

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At deadline, the CSMA announced that it had changed its name to the ***Portable Power Equipment Manufacturers Assn.*** *See story on page 34.*

Saws with new technology chain

(Classified by CID – Cubic in. displacement)

CID group	# of models	% of models	% of groups sales
1	95	71	80
2	9	22	53
3	44	16	36
All groups	148	53	62

Source: Updated CSMA industry survey and CPSC estimates

Saws with low-kickback guidebars

(Classified by CID)

CID group	# of models	% of models	% of group sales
1	95	43	42
2	9	44	13
3	44	20	22
All groups	148	36	32

Source: Updated CSMA industry survey and CPSC estimates

Chain saws ...continued from page 22

placed on selling the saws through servicing dealers who explain or demonstrate how to use the saw while making the sale.

Manufacturers who were once seeking increased unit volume through mass merchandise outlets have changed their emphasis. They are selling through distributors supplying retailers, who service the product.

Safety chain affected

If the new safety standard is adopted at the end of 1984, as it is now written, all saws smaller than 2.5 cubic inches will be required to have a safety chain. All saws smaller than 3.8 cubic inches sold to consumers will be required to have a safety chain.

Terms of the proposed standard provide that the American National Standards Institute and Underwriters Laboratory will determine which chains meet the safety standard. Chains would have to be marked for either professional use or consumer use, and consumer chains would carry the approval of ANSI. The standard would have a significant effect on the replacement chain market.

In preparing the standard, the CPSC did considerable work in obtaining a profile of the users, and of the manufacturers' approach to addressing the safety problems.

Improvements in advance

An internal status report for the CPSC staff issued one year ago showed that many changes were being made by manufacturers striving for safer saws. Following are some conclusions from this CPSC report:

"The increase in use of hand guards has been great in recent years and represents a major improvement in chain saw safety. While our CPSC consumer chain saw survey indicated that only about 55 percent of chain saws in use are equipped with hand guards, chain saws are now being almost universally equipped with them. We are aware of only one manufacturer that does not equip its saws with hand guards, and this manufacturer accounts for much less than one percent of all consumer saws marketed in the U.S.

"The hand guard is a technically simple and inexpensive safety device and is easily mounted on a chain saw. This probably explains in part its acceptance by manufacturers. Nonetheless, the equipping of chain saws with hand guards shows an important movement toward chain saw safety on the part of manufacturers.

"During the last several years chain saw manufacturers have increasingly equipped the chain saws considered in this report, electric saws and gasoline saws less than 3.8 CID, with anti-kickback safety features. We have estimated that about 62 percent of the shipments of these saws are being equipped with new technology chains, and another 7 percent are expected to be soon. Chain brakes are being equipped on about 23 percent. Either or both of these safety features are currently installed on about 75 percent of total shipments to U.S. retail outlets. In addition, about 32 percent of shipments are equipped with low-kickback guide bars, virtually all are equipped with hand guards, and one major manufacturer equips its saws with nose tip guards.

"The new technology chain will have a prominent role in anti-kickback safety. It is already a major anti-kickback feature on the Group 1 saws, and is becoming readily available for Group 2 and 3 saws. One of its great advantages is that it can be easily and inexpensively put on existing chain saws.

"The use of nose tip guards as standard equipment is probably unlikely on any major scale. With the exception of the one major manufacturer that does equip its saws with the nose tip guards, no other manufacturers have indicated an intention of doing so."

How the market evolved

Data presented for a 1983 hardware show seminar traced the evolution of the chain saw industry from the early 1970s. The presentation, by Carl L. Mikovich, president of the Beaird-Poulan Weed Eater Division, Emerson Electric Corp., included these highlights:

The early 1970s was the beginning of the consumer chain saw era, and the name "casual user" was coined for the buyer of a saw who used it just a few times a year.

An increase in industry shipments of 23 percent in 1971 was the industry's first period of rapid growth. For the next four years, sales climbed an average of 30 percent a year.

The decision to embargo oil by the Organization of Petroleum Exporting Countries created an awareness in the American public that they were vulnerable to skyrocketing prices and even shortages of fuel, and that they could become, in a sense, energy independent by using wood, coal or kerosene.

The demand for firewood, wood stoves and chain saws and log splitters skyrocketed.

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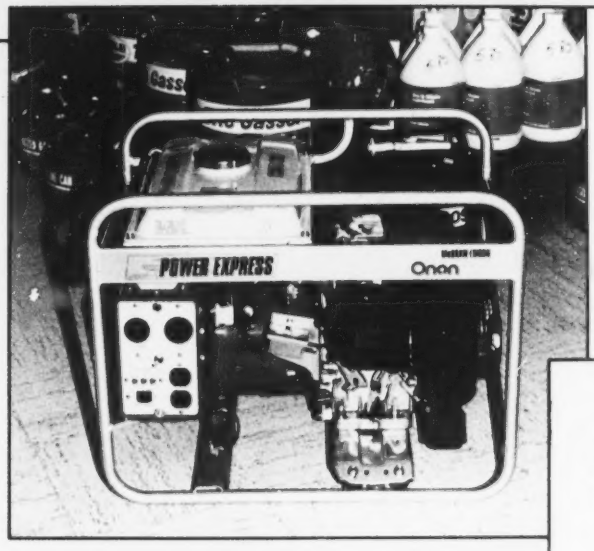
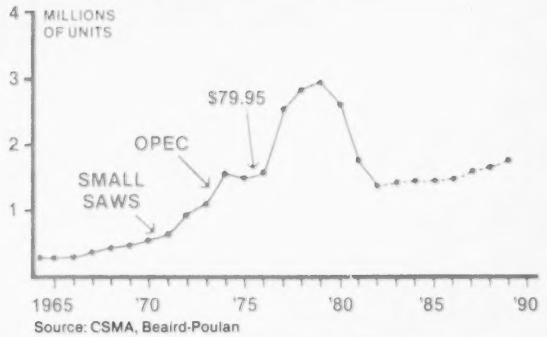


Generators: Unexpected sales surge triggered by ice storm

Generators, while not a major winter product, can be very important. During a late-winter ice storm in March, which knocked out power to more than 150,000 households in the metropolitan Kansas City area, Blue Valley Tractor & Supply, Stilwell, KS, sold more than 15 generators during the week after the storm. The generators, which cost from $800 to $1,200, were used to keep sump pumps, freezers and furnace fans operating. The generators also have year-round uses in this semi-rural community on the outskirts of Kansas City, and the store usually has several generators on hand to fulfill this need.

U.S. Chain saw shipments



Source: CSMA, Beaird-Poulan

Chain saws

...continued from page 24

Boost from low prices

The OPEC oil crisis helped boost sales to a level of 1.6 million units in 1975. But, the introduction of saws with retail price tags less than $100—as low as $79.95—created a great public interest. Added to this, the manufacturers started pouring millions of dollars into network TV advertising.

The very low prices began in 1976. In 1977, more than 2.5 million saws were sold, representing a 60 percent increase compared with the previous year. The chain saw sales curve peaked in 1979 at nearly 3 million units.

Mikovich's presentation explained that the dramatic spike in the curve between 1975 and 1982 was entirely due to the introduction of low-price, low-displacement models. He pointed out that some consumers did step up to larger models after their first low-end chain saw, and manufacturers put more advertising into promoting the saws in the $200 to $400 price range.

"In tracking low-end pricing and engine size from 1977 to 1982," Mikovich said, "you can see that saws under 2.1 cubic inches have declined from a 40-percent share of the business to about 25 percent. While saws retailing for less than $119 accounted for more than 25 percent of the market in 1977, they were only 5 percent of the units last year (1982)."

He said that contemporary chain saw buyers are more experienced and are stepping up in size. "The 3- to 3.8-cubic inch category is growing fastest...from 21 percent just four years ago to 31 percent in 1982."

Industry sources believe that the log splitter market peaked with sales of 128,000 units in 1978. But, now, the threat of electric power rates almost doubling in some regions served by electric utility companies using nuclear power has rekindled the interest of many consumers to cut back dependence on the utility companies. The introduction of lightweight splitters that can be packed into the car trunk or station wagon to go to the site of wood has put new life into this market also. Some of these units are available at retail prices less than $600.

One estimate was that there were 125,000 hydraulic, ram-type splitters powered by gasoline and electricity sold that year. It is a type of technology that beckons the avid handymen who want to harvest wood to try their hand at manufacturing, and many of the splitters in use are homemade units. The shipments and sales of power splitters has tapered off sharply since the 1978 peak mentioned above, and one estimate was that there would be 50-60,000 shipped in 1984. In addition to the ram-type splitters there are also screw-type augers on the market.

The CPSC is working with the manufacturers to develop a voluntary standard for splitters.

Firewood's the end product

Whether for cheap energy or for atmosphere, firewood is the end product of much of the activity in the saw and splitter market.

With an estimated 12 million wood-burning stoves owned by the public and the number of fireplaces installed in homes increasing at the rate of about one million a year, it can be expected that do-it-yourself woodsmen and small-scale contractors will continue to purchase equipment to harvest wood.

A survey by the U.S. Forest Service showed that in 1981 U.S. households bought $620 million worth of firewood. The survey showed that one-fourth of U.S. households burned a total of 42 million cords in 1981. Half of the households with incomes of $40,000 or more burn wood, and half of those households used wood only in fireplaces. □

Snow and sales

People remember snow.

We classify past winters by how much snow fell -- or how much didn't fall.

How does this affect snowthrower sales?

Lack of snow is immediate and obvious -- no snow, no sales. A heavy snowfall has immediate effects, but also has a residual effect on sales, says Robert Tracinski of John Deere.

"Historically, if you have a heavy snowfall you can have very good sales the following autumn," he says. "And if you have an early snowfall in autumn you have immediate sales. In Minnesota and Wisconsin we sold out immediately."

What happens when the snow doesn't fall early was dramatically illustrated in the winter of 1979-80. Cities that usually receive a decent snowfall between October and December received almost nothing by comparison.

Chicago, which normally receives more than 14 inches of snow before the first of the year, got 5.7 inches. Boston, .4 inches when it usually gets 9.2. Pittsburg received only 2.2 inches. It usually gets 12.8.

Snowthrower sales sagged.

One reason for the resurgence of sales this past winter was because of early heavy snows. Manufacturers and dealers expect good sales this fall because of it.

But Don Weakley of Snapper warns against relying too heavily on past weather performances.

"There's no way to project what sales are going to be," he says. "Anyone who suggests that is going to Vegas."

"It's difficult to measure," says Dick Pollick of Toro. "It's such a subjective thing."

In the New England area, early snowfalls are not a factor, says Gary Merrill of Crandall-Hicks Co. in Southboro, MA. The area gets its share of late snowfalls, however.

"We just had one of the snows in April," he says. "People will remember in the fall."

As always, the success or failure of the market will depend on the weather. As one Wisconsin dealer puts it, "The bottom line is, if the snow cooperates, we sell snowthrowers."

October-December snowfall

	Historical Average	1979
Boston	9.2	0.4
Buffalo, NY	25.6	32.3
Chicago	14.7	5.7
Cincinnati	6.6	2.9
Cleveland	17.8	4.7
Denver	19.6	41.2
Des Moines, IA	9.4	0.7
Detroit	14.5	5.5
Grand Rapids, MI	28.1	12.0
Kansas City, MO	5.6	Trace
Milwaukee	13.9	2.7
Minneapolis	15.7	8.8
New York	6.8	3.5
Omaha, NE	8.6	3.5
Pittsburgh	12.8	2.2

Source: The Toro Co.

Snowthrowers

...continued from page 30

with the year before. Only 7.8 percent said business was down, compared with 26.2 percent who reported a decrease the year before. The peak sales month for the majority was in November, although December was close behind.

Heavy demand

John Rosenburg of Bill's Power Center, Brookfield, WI said most of his sales this past winter were from first-time customers.

"Demand was pent-up," he says. "Homeowners were tired of shoveling snow, so they bought machines this year."

In neighboring Minnesota, the demand was strong. One dealer sold more than 3,000 snowthrowers, the majority of them during the first three weeks in December.

"A semi-truck load of snowthrowers per day was delivered to our store," says Palmer Siegel of Lyndale Lawn and Garden, Richfield, MN. "At one point, we had 15 people putting them together."

Why the demand after the slump? Merrill thinks that the basic reason is the business cycle.

"It's the old problem: what do you sell in winter?" he says. "The snowthrower market slowed when kerosene heaters were becoming very big. Dealers switched from snowthrowers to heaters."

Now that the kerosene heater heyday is over, he says, dealers are switching back to snowthrowers.

Slow and steady

The growth in the market is expected to continue, although no one is making glowing predictions. Many predict solid growth, however, and say that the industry has learned its lesson.

"We don't have any crazy, wild expectations," Pollick says. "But we do expect a solid 10 to 15 percent growth."

"Nothing sells itself," Merrill says. "How can we compete against the mass marketers? The key for dealers is product knowledge and service.

"There's no question there's a market." □